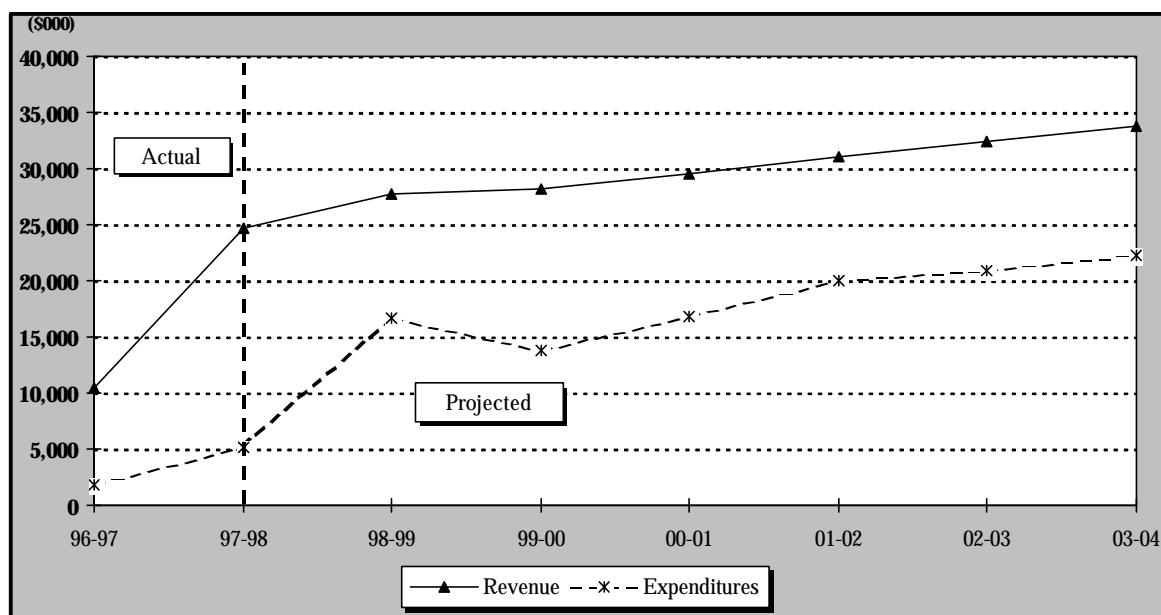




## Transit Fund: Projected Revenue and Expenditures



	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
<b>Revenue (\$000)</b>										
Transit Tax	0	0	10,429	23,212	25,600	26,625	27,558	28,454	29,307	30,187
Lottery Transfer In	0	0	0	340	316	309	305	302	298	294
ASU-Flash Transit	0	0	0	279	279	279	279	279	279	279
Interest Income	0	0	0	873	1,300	660	1,150	1,750	2,180	2,760
Miscellaneous Revenue	0	0	11	38	253	300	304	308	312	316
<b>Total Revenue</b>	0	0	10,440	24,742	27,748	28,174	29,597	31,092	32,376	33,835
<b>Expenditures (\$000)</b>										
Personal Services	0	0	133	512	835	1,095	1,161	1,228	1,299	1,374
Materials and Supplies	0	0	12	99	13	17	18	19	19	20
Fees and Services	0	0	1,580	3,926	8,652	12,315	15,377	18,372	19,194	20,485
Travel and Training	0	0	7	23	25	26	27	28	30	30
Capital Outlay	0	0	13	95	0	0	0	0	0	0
Debt Service	0	0	0	73	6,930	0	0	0	0	0
Internal Service Charges	0	0	3	7	47	49	51	54	56	58
Indirect Cost Allocations	0	0	0	484	213	222	232	243	254	265
<b>Total Expenditures</b>	0	0	1,749	5,220	16,715	13,725	16,866	19,943	20,852	22,233
<b>Net Operating Surplus/(Deficit)<sup>1</sup></b>	<b>0</b>	<b>0</b>	<b>8,691</b>	<b>19,522</b>	<b>11,033</b>	<b>14,449</b>	<b>12,731</b>	<b>11,149</b>	<b>11,523</b>	<b>11,602</b>

<sup>1</sup> Net operating surpluses will be utilized for bus purchases and other Capital Improvement Program transfers.



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## **Transit Fund**

### **Fund Structure**

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#### **Description**

The Transit Fund is a Special Revenue fund established to account for the receipt and expenditure of the City's transit tax and the one-third commitment of Lottery proceeds for mass transit.

#### **Major Services**

This fund provides for:

- Planning and Design
- Operations
- Procurement
- Transit Community Outreach and Marketing

#### **Revenue Structure**

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Transit Fund revenues come primarily from a ½cent City's sales tax to fund transit improvements and a one-third commitment of state Lottery proceeds for mass transit.

##### **■ Transit Tax**

On September 10, 1996, the citizens of Tempe approved a ½cent increase in the City's sales tax to fund transit improvements. Proposition 400 limited the expenditure of the additional sales tax to improvements such as additional bus routes, alternative fuel buses, bus pullouts, and rail studies. For FY 1998-99, the transit tax is expected to generate \$25.6 million in revenue, or 93.1% of total Transit Fund revenues.

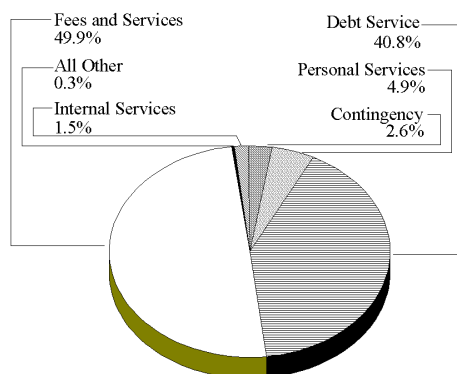
##### **■ Lottery Proceeds**

Per state statute (Arizona Revised Statutes §28-2502 (F)), a municipality with a population of 60,000 or more persons is required to spend one-third of its local transportation monies for public transportation each fiscal year. Total Lottery proceeds are expected to be \$950,000 in FY 1998-99, which represents a slight decrease from the prior year, a trend that is likely to continue as Tempe's population growth rate remains below those of other cities. The downturn in total Lottery proceeds translates into a gradual decline in the one-third commitment of Lottery monies available for public transportation. This year's commitment is estimated at \$316,000.



## Expenditure Structure

The Transit Fund includes all personnel in Transit Administration, Planning and Operations.



Major expenditures in the Transit Fund include: Fees and Services (49.9%), Debt Service (40.8%); Personal Services (4.9%); Contingency (2.6%); Internal Services (1.5%); and All Other (0.3%).

### ■ Fees and Services

The largest expenditure in the Transit Fund is for Fees and Services, specifically funding for local and City of Phoenix transit routes and Dial-A-Ride services. In FY 1998-99, Fees and Services are estimated to account for \$8.5 million or 49.9% of the Transit Fund operating budget. As a result of passage of the transit tax, this area is expected to increase to \$22.6 million by FY 2003-04.

### ■ Debt Service

Debt service costs reflect the payment of principal and interest on bonds issued to finance the purchase of buses, the construction of bus pullouts and bus shelters, and other transit-related capital improvements. For FY 1998-99, Transit Fund debt service totals \$6.9 million.

### ■ Personal Services

Personal Services account for 4.9% of the total FY 1998-99 budget, or \$834,647.

### ■ Contingency

The contingency account represents 2.6% or \$449,232 of the FY 1998-99 operating budget. This funding (2% of estimated Transit Fund revenue) has been set aside for vehicle replacement and unanticipated expenses.

### ■ Internal Services

Indirect cost allocations to the Transit Fund account for 1.5% or \$260,162 of the FY 1998-99 budget. This amount represents the Transit Fund's share of certain administrative costs funded by the General Fund.



### ■ Capital Projects

Although not a part of the operating budget shown in this forecast directly, funding for capital projects constitutes a significant portion of the total financial program in Transit. A large portion of each year's operating surplus forecast here will be applied towards new and replacement buses, a new Transit Center, and other related capital projects.

### Trend/Forecast

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Since the transit tax is a component of the overall City sales tax, the growth trend projected in General Fund sales tax revenue is mirrored here in the Transit Fund. Revenue growth is projected to slow in the later years of the forecast as the economy enters a mild downturn.

The pattern of growth reflected in the expenditure estimates relies upon the 10-Year Transit Business Plan and the assumptions made in that plan regarding the expansion of routes and the acquisition of new buses. The forecast is for planned fund surpluses in the early years due primarily to the implementation time required to expand routes. However, expenditures are expected to increase as the plan is more fully implemented. In FY 1997-98, the first full year of the transit tax, operating expenses were \$5.2 million. By the end of the forecast period, expenses are estimated to climb to \$22.2 million.

FYE	Unreserved Fund Balance
97	8,552,661
98.	18,437,544
99 est.	17,937,050